

Message Text

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PAGE 01 COTONO 00851 111541Z
ACTION EB-07

INFO OCT-01 AF-10 ISO-00 AID-05 OPIC-03 L-03 TRSE-00
CIAE-00 INR-07 NSAE-00 /036 W
-----111550Z 018031 /43
P R 111440Z MAY 77
FM AMEMBASSY COTONOU
TO SECSTATE WASHDC PRIORITY 9687
INFO AMEMBASSY ABIDJAN
AMEMBASSY NIAMEY

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PASS ALSO AID/AFR/SFWA

PASS ALSO OPIC/CARL MIDDLETON

E.O. 11652: N/A
TAGS: EINV, DM, US
SUBJ: MORRISON-KNUDSEN EQUIPMENT

REF: A. STATE 100149, B. STATE 104586

1. MORRISON-KNUDSEN (M-K) PROJECT MANAGER INFORMED AIDOFF MAY 11 THAT UNLESS INITIAL 110 MILLION CFA TRANCHE WAS DEPOSITED BY BENINESE INTO M-K'S ACCOUNT BY MAY 12 (CONTRACTUALLY STIPULATED 30 DAYS FROM CONTRACT SIGNATURE APRIL 13) M-K'S OFFICE IN THE HAGUE WOULD SEND A TELEGRAM TO THE GOVERNMENT OF THE PEOPLES REPUBLIC OF BENIN AT NOON MAY 13 DECLARING ALL AGREEMENTS, BOTH SALES, INSTALLATION, NULL AND VOID. MAX WENT ON TO SAY THAT ALTHOUGH IT WOULD NOT BE IN THE TELEGRAM, HE WAS UNDER INSTRUCTIONS SIMULTANEOUSLY TO CLOSE DOWN THE M-K CAMP IN KANDI, SENDING ALL EXPATRIATE EMPLOYEES HOME AND LEAVING BEHIND ONLY WATCHMEN. CLOSING DOWN CAMP ALSO INVOLVES SHUTTING DOWN GENERATOR WHICH SUPPLIES ELECTRICITY, INTER ALIA, TO DISTRICT CHIEF. MAX ALSO SAID THAT HE HAD A
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RUMOR FROM AN UNCONFIRMED BUT USUALLY RELIABLE SOURCE THAT DELAYS ON THE GPRB SIDE MAY BE RESULTING FROM SECOND THOUGHTS ABOUT PURCHASE OF SOPHISTICATED EQUIPMENT WHICH COULD NOT BE MAINTAINED.

2. GIST OF MAX'S COMMENTS IS THAT M-K WAS NOT OVERLY CONCERNED WITH GPRB MOTIVES FOR LOCKING UP M-K'S EQUIPMENT AND NOT MEET-

INT ITS PAYMENT OBLIGATION, BUT WAS EAGER TO BREAK DEADLOCK
WHATEVER ITS CAUSE AND START RECOUPING SOME OF ITS LOSSES.
FOR EXAMPLE, MAX CLAIMS THAT M-K HAS INCURRED \$58,000 IN
OVERHEAD OVER THE LAST MONTH WHILE IT STOOD BY TO RE-ERECT
THE ROCK CRUSHER PURCHASED BY THE GPRB BUT HAS BEEN REFUSED
PERMISSION TO MOVE IT OUT OF CAMP. MAX FAVORED COMPANY'S
WASHING HANDS OF WHOLE AFFAIR BUT STATED THAT HIS SUPERIOR
IN THE HAGUE, WILKINSON, WAS PREPARED TO RENEGOTIATE
EQUIPMENT SALES WITH GPRB AS LONG AS PRICES COULD
BE RAISED TO INCLUDE EXPENSES INCURRED BY DELAYS.

3. COMMENT: SITUATION COULD NOT GET PRETTY MESSY. PER REF A,
IF GPRB RELEASES EQUIPMENT BEFORE JUNE, IT WILL BE SAFE FROM
OPIC WHILE MAINTAINING THE CAPACITY TO TIE M-K UP IN RED
TAPE -- PORT CLEARANCES, EXPORT LICENSES, BRIDGE-CROSSING PER-
MITS, ETC -- FOR A GOOD LONG TIME, WHILE CRUSHER AGREEMENT
IS RENEGOTIATED. BELIEVE THAT M-K REALIZES THAT GPRB GOOD
WILL IS NECESSARY TO CLOSE DOWN JOB AND FINALLY LEAVE THE
COUNTRY, AND IS SIMPLY TRYING TO MOVE ITEM OFF DEAD CENTER.
ALSO BELIEVE THAT GPRB LACK OF ACTIVITY IS PROBABLY LARGELY
DUE TO ABSENCE OF CHIEF NEGOTIATER, BABA-MOUSSA, WHO WAS
SCHEDULED TO RETURN MAY 10. ANOTHER ROUND OF NEGOTIATIONS
WILL THEN BE CALLED FOR IF M-K SENDS TELEGRAM ON MAY 13 AS
STATED. THUS, ANOTHER COUPLE OF WEEKS WITHOUT RESOLUTION SEEM
IN THE OFFING ON THIS MATTER UNLESS MAX'S RUMOR THAT GPRB HAS
CHANGED ITS MIND ABOUT THE WHOLE THING IS TRUE, IN WHICH CASE,
M-K WILL BREATHE A SIGH OF RELIEF AND HAPPILY QUIT BENIN.

4. CHARGE HAS INFORMED MFA DIR OF PROTOCOL THAT DEADLINE
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WAS MAY 12, NOT 13 AS WE HAD PREVIOUSLY TOLD THEM.
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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 11-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition History: n/a
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